

C DUKES SCOTT  
EXECUTIVE DIRECTOR

1401 Main Street, Suite 900  
Columbia, SC 29201



Phone: (803) 737-0800  
Fax: (803) 737-0986

DAN F. ARNETT  
CHIEF OF STAFF

JOHN W. FLITTER  
DIRECTOR  
ELECTRIC & GAS REGULATION

September 16, 2010

Jocelyn Boyd, Esquire  
Chief Clerk/Administrator  
Public Service Commission of South Carolina  
101 Executive Center Dr., Suite 100  
Columbia, SC 29210

Re: Application by South Carolina Electric & Gas Company for Authority To Issue and Sell from Time to Time Not Exceeding \$975,000,000 Aggregate Principal Amount of First Mortgage Bonds  
Docket No. 2010-317-E

Dear Ms. Boyd:

The Office of Regulatory Staff ("ORS") has reviewed this application of South Carolina Electric & Gas Company ("the Company") for \$975 million additional borrowing authority under First Mortgage bonds. The Company intends to use these fully secured bonds to finance its construction program and nuclear fuel, whose combined financing needs through 2012 are estimated at \$2.4 billion. The Company would also use this authority to retire \$166 million in debt. The Company does not expect an interest rate of more than 9.9%. Standard & Poor's secured debt rating for the Company is currently "A." These bonds will have an underwriting discount of no more than 1.5%, although the Company expects a range of 0.6%-1.0%, which, under current financial conditions, appears reasonable. As the exact timing of this debt is unknown and the national monetary situation has been in flux recently, the proposed authority has the flexibility to use zero coupon bonds, if appropriate, and the fees and rates are not yet known. The Company's ratio of earnings to fixed charges, however, has substantially exceeded the ratio of two required by its Indenture.

Based on its review, ORS has no objection to the issuance of debt proposed in this filing.

Sincerely,



John W. Flitter

JWF/dhc

cc: Dan F. Arnett, Chief of Staff, SC ORS  
Nanette Edwards, Chief Counsel, SC ORS  
Shannon Bowyer Hudson, Esquire, SC  
Matthew W. Gissendanner, SCE&G  
Dr. James Spearman, Exec. Asst. to SCPSC  
Kenneth Jackson, V.P., SCANA  
Chad Burgess, Counsel, SCE&G